

**FOR ENTIRE SERVICE AREA**  
**P.S.C. NO. 1**  
**Fourth Revised SHEET No. 39**  
**Canceling**  
**Third Revised SHEET No. 39**

**ATMOS ENERGY CORPORATION**

Demand-Side Management Cost Recovery Mechanism	
DSM	
<b>1. <u>Applicable</u></b>	
Applicable to Rate G-1 Sales Service, residential and commercial classes only.	(T)
The Distribution Charge under Residential and Commercial Rate G-1 Sales Service, shall be increased or decreased for nine annual periods beginning January 2012 and continuing through December 31, 2016 by the DSM Cost Recovery Component (DSMRC) at a rate per Mcf in accordance with the following formula:	(T)
$\text{DSMRC} = \text{DCRC} + \text{DLSA} + \text{DIA} + \text{DBA}$	(T)
Where:	
DCRC = DSM Cost Recovery-Current. The DCRC shall include all actual costs, direct and indirect, under this program which has been approved by the Commission. This includes all direct costs associated with the program including rebates paid under the program, the cost of educational supplies, and customer awareness related to conservation/efficiency. In addition, indirect costs shall include the costs of planning, developing, implementing, monitoring, and evaluating DSM programs. In addition, all costs incurred by or on behalf of the program, including but not limited to costs for consultants, and administrative expenses, will be recovered through the DCRC.	(T)
DLSA = DSM Lost Sales Adjustment. To effectively promote and execute the program, the Company shall recover the annual lost sales attributable to customer conservation/efficiency created as a result of the Program. This aligns the Company's interest with that of its customers by reducing the correlation between volume and revenue for those customers who elect to participate in the program. The lost sales are the estimated conservation, per participant, times the base rate for the applicable customer. The goal is to make the Company whole for promoting the program. Lost sales are based on the cumulative lost sales since the program began and will reset when the Company completes a general rate case.	(N)
<div><div>KENTUCKY PUBLIC SERVICE COMMISSION</div><div>JEFF R. DEROUEN EXECUTIVE DIRECTOR</div><div>TARIFF BRANCH</div><div>EEEE <i>Brent Kirtley</i> 2012</div><div>EFFECTIVE 5/1/2012</div><div>PURSUANT TO 807 KAR 5.011 SECTION 9 (1)</div></div>	
<b>ISSUED:</b> April 27, 2012	
(Issued by Authority of an Order by the Public Service Commission in Case No. 2011-00395 dated April 27, 2012)	
<b>ISSUED BY:</b> Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division	

## ATMOS ENERGY CORPORATION

Demand-Side Management Cost Recovery Mechanism	
DSM	
DIA =	<p>DSM Incentive Adjustment. As a result of the program, the customers who participate in the program will save on their gas bills due to decreased usage, which results in decreased commodity charges. As an incentive for the Company to devote the necessary monetary and physical resources to promote and administer the program, the Company will earn a fifteen percent (15%) incentive based on the net resource savings of the Program participants.</p> <p>Net resource savings are defined as Program benefits less utility Program costs and participant costs where Program benefits will be calculated on the basis of the present value of Atmos' avoided commodity costs over the expected life of the Program. For the purpose of calculating the Program benefits, a specific measure's life as defined in DEER (Database for Energy Efficient Resources), EnergyStar or NEEP is assumed with future gas costs over a corresponding period based on projection of the Company's Gas Cost Adjustment (GCA) at the time of filing with escalation factors determined by NYMEX futures prices on the cost of gas at Henry Hub. The present value is the weighted average cost of capital as stated in the Company's most recent rate case.</p> <p>DBA = DSM Balance Adjustment. The DBA shall be calculated on a calendar year basis and be used to reconcile the difference between the amount of revenues actually billed through the DSMRC and the revenues which should have been billed.</p> <p>The DBA for the upcoming twelve-month period shall be calculated as the sum of the balance adjustments for the DCRC, DLSA and DIA. For the DCRC, DLSA and DIA, the balance adjustment shall be the difference between the amount billed in a twelve-month period and the actual cost of the DSM Program during the same twelve-month period.</p> <p>The balance adjustment amounts calculated will include interest to be calculated at a rate equal to the average of "3-month Commercial Paper Rate" for the immediately preceding twelve-month period.</p> <p>The Company will file modifications to the DSMRC on an annual basis at least two months prior to the beginning of the effective upcoming twelve-month period for billing. This annual filing shall include detailed calculations of the DCRC, DLSA, DIA and the DBA, as well as data on the total cost of the DSM Program over the twelve month period. The calculations plus interest shall be divided by the expected Mc</p>

(N)

(T)

(T)

(T)

(D)

(T)

**KENTUCKY**  
**PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN**  
**EXECUTIVE DIRECTOR**

TARIFF BRANCH

EFFECTIVE

**5/1/2012**

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)  
**EFFECTIVE: May 1, 2012**

**ISSUED:** April 27, 2012

(Issued by Authority of an Order by the Public Service in Case No. 2011-00395 dated April 27, 2012).

**ISSUED BY:** Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Mid-States Division

**FOR ENTIRE SERVICE AREA**

**P.S.C. NO. 1**

**Thirteenth Revised Sheet No. 41**

**Canceling**

**Twelfth Revised Sheet No. 41**

**ATMOS ENERGY CORPORATION**

<b>Demand-Side Management Cost Recovery Mechanism</b>		
<b>DSM</b>		
<u>DSM Cost Recovery Component (DSMRC-R):</u>		(T)
DSM Cost Recovery – Current:	\$0.0940 per Mcf	(I)
DSM Lost Sales Adjustment	\$0.0040 per Mcf	(I)
DSM Incentive Adjustment	\$0.0100 per Mcf	(I)
DSM Balance Adjustment:	<u>(\$0.0440) per Mcf</u>	(I)
DSMRC Residential Rate G-1	\$0.0640 per Mcf	(I)
 <u>DSM Cost Recovery Component (DSMRC-C):</u>		(N)
DSM Cost Recovery – Current:	\$0.0690 per Mcf	(N)
DSM Lost Sales Adjustment	\$0.0030 per Mcf	(N)
DSM Incentive Adjustment	\$0.0190 per Mcf	(N)
DSM Balance Adjustment:	<u>(\$0.0000) per Mcf</u>	(N)
DSMRC Commercial Rate G-1	\$0.0910 per Mcf	(N)

**ISSUED:** April 27, 2012

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**BY:** Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky Mid-States Division

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN  
EXECUTIVE DIRECTOR**

TARIFF BRANCH

**EFFE** *Brent Kirtley* 2012

**EFFECTIVE**

**5/1/2012**

**PURSUANT TO KRS 413.010, SECTION 9 (1)**